

Message Text

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ACTION NEA-16

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FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 8327

INFO US DEPARTMENT OF COMMERCE

DEPARTMENT OF DEFENSE

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E.O. 11652: N/A

TAGS: ETRN, NP

SUBJECT: HELICOPTERS

1. EMBASSY HAS BEEN TOLD BY SEVERAL SOURCES THAT GON HAS DECIDED PURCHASE TWO PUMA HELICOPTERS FOR ROYAL FLIGHT. DURING RECENT VISIT OF SIKHORSKY REP LOPER AND UNITED AIRCRAFT REP HENRY CUSHMAN, CALLS IN COMPANY OF EMBASSY ECON/COMMERCIAL OFFICER WERE MADE ON GENERAL SUSHIL RANA, DIRECTOR OF ROYAL FLIGHT, AND GENERAL KHAGDA SINGH, ACTING SECRETARY OF TRANSPORTATION, WHO BOTH REPORTED GON HAD ALREADY MADE DECISION PURCHASE PUMAS. GEN. SINGH SAID HE HAD LONG FAVORED SIKORSKY HELICOPTERS, BUT THAT PALACE HAD INDICATED IT WISHED TO PURCHASE PUMAS.

2. GON'S REPORTED DECISION TO PURCHASE PUMAS IS QUESTIONABLE ON ECONOMIC GROUNDS, AS PUMA, AT \$1.5 MILLION, IS TWICE AS EXPENSIVE AS BELL AND SIKORSKY HELICOPTERS, AND COSTS APPROXIMATELY TWICE AS MUCH TO OPERATE, WHICH IN FINANCIALLY AND FUEL-STRAPPED NEPAL SHOULD HAVE BEEN IMPORTANT CONSIDERATION. PUMAS ALSO CONTAIN HIGHLY SOPHISTICATED EQUIPMENT WHICH IS EXTREMELY DIFFICULT TO MAINTAIN.

3. AS GON OFFICIALS EXTREMELY RETICENT ON SUBJECT OF PUMA PURCHASE, WE DO NOT HAVE ANY RELIABLE INFORMATION ON TERMS. THERE ARE REPORTS THAT ECONOMIC DISADVANTAGES OF PUMA OVERRIDDEN

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BY OFFER OF FRENCH GOVERNMENT TO PROVIDE MAINTENANCE TEAM AND

FACILITIES PILOTS, AND SUPPORT CREWS. THERE IS ALSO REPORT THAT ARMY OFFICIALS WERE PERSUADED BY FRENCH "LARGESSE" TO SUPPORT PUMAS AND THAT FRENCH GOVERNMENT HAS OFFERED ATTRACTIVE CREDIT PACKAGE.

4. WHILE MOST INFORMATION AVAILABLE TO EMBASSY APPEARS TO INDICATE THAT DEAL WITH FRENCH HAS INDEED BEEN SIGNED, THERE HAVE BEEN CONFLICTING REPORTS. AMBASSADOR, WHO TOOK ADVANTAGE OF SOCIAL OCCASION TO EXPOUND MERITS OF AMERICAN HELICOPTERS OVER PUMAS, WAS TOLD BY ARMY CHIEF OF STAFF GEN. GUNA RANA THAT DECISION TO PURCHASE PUMAS NOT YET FINAL. WE HAVE NO WAY AT THIS POINT, HOWEVER, OF TELLING WHETHER GEN. RANA WAS ACCURATELY REFLECTING SITUATION, OR WHETHER HE SIMPLY WISHED TO FIND EXIT FROM CONVERSATION IN WHICH HE WAS HARD PRESSED TO JUSTIFY GOVERNMENT'S RATIONALE.

5. WHETHER OR NOT PUMAS ARE PURCHASED BY GON, SIKORSKY REP LOPER INTENDS PURSUE POSSIBILITY OF SELLING ONE SIKORSKY HELICOPTER, WITH 12 TO 14 PASSENGER CAPACITY, TO GON, WITH PROPOSAL THAT GON LEASE IT FOR HALF OF YEAR TO HELICOPTER SERVICES COMPANY, WHICH IS REPORTED TO BE INTERESTED IN SUCH AN ARRANGEMENT. LOPER HAS ASKED EMBASSY IF EX-IM BANK LOAN WOULD BE AVAILABLE TO GON FOR PURCHASE OF HELICOPTER, WHICH WOULD NOT BE MILITARY MODEL AND WHICH WOULD BE USED FOR TOURISM AND GENERAL TRANSPORTATION PURPOSES. ON BASIS PREVIOUS TELEGRAMS (STATE 212797, 227346), WE ASSUME EX-IM BANK FINANCING WOULD BE AVAILABLE, BUT WOULD APPRECIATE CONFIRMATION AND INFORMATION ON PRESENT TERMS.

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